money seeking temporary investment. The legal money of redemption under Canadian law is "specie," and the gold standard is maintained with but little gold in circulation. The banks, in making ordinary payments, were required by the law of 1880 to pay amounts up to $50, upon request of the payee, in Dominion notes. This limit was. raised in the Act of 1890 to $100.

2. One of the important benefits inherent in the Canadian bank-note circulation is its elasticity. This is not due affirmatively to recent legislation, but is due to the successful resistance of Canadian bankers to government propositions for a specially secured currency.[1] The banks pay out the notes when business activity demands them and the notes drift back for deposit and the settlement of discounts-when business activity slackens. The circulation thus varies in the course of the year by from fifteen to twenty per cent. The month of October is usually that of the maximum circulation and the month of January has been in recent years, that of the minimum. The first month of the year is usually marked by a lull in business, which brings surplus notes to the banks for deposit. The revival of activity in the Spring calls out a few additional notes, but the circulation does not. increase materially until the movement of the crops sets in in August. Then comes the steady expansion of note issues. to meet demand, which persists until the middle of November. The following table shows for representative years the expansion of note issues in the Autumn and the return to normal conditions in the following year:

[1] Even in 1890 the theory of a circulation based upon evidences of the public deht had considerable footing and was advocated hy Sir Donald Smith, President of the Bank of Montreal. It seemed to be thought in Canada that such a system would benefit the larger banks at the expense of the weaker and some of the opposition to the creation of a safety fund was apparently based upon the fact that it would invest the notes of the weakest banks with the same credit as those of the strongest.—Breckenridge, 320. This argument was necessarily directed against convenience and uniformity.